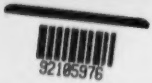

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

1992

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 1992.

Commission file number: 0-14693

B 92-2241

AMERICAN AIRCRAFT CORPORATION /02/

(Exact name of registrant as specified in its charter)

| OREGON | 95-3034619 |
|---|---|
| (State or other jurisdiction of incorporation of organization) | (I.R.S. Employer Identification No.) |
| 3090 Airport Way, Long Beach, CA | 90806 |
| (Address of Principal Executive Offices) | (Zip Code) |

(310) 595-0701

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES _____ NO X

As of August 28, 1992 there were outstanding 48,590,669 of common stock $.004 par value, of the registrant.

PROCESSED BY
MAY 8 1992

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**ITEM 1: FINANCIAL STATEMENTS**

AMERICAN AIRCRAFT CORPORATION
BALANCE SHEET

ASSETS

| | Feb 29, 1992 Unaudited | Nov 30, 1991 Audited |
|---|---|---|
| **Current Assets:** | | |
| Cash | $ 0 | $ 7,848 |
| Accounts Receivable | 23,000 | 23,000 |
| Inventory | 2,884,485 | 2,637,388 |
| Total Current Assets | 2,907,485 | 2,668,236 |
| Property Plant & Equipment at Cost | 1,564,460 | 1,564,460 |
| Less accumulated Depreciation | <723,797> | <669,130> |
| Total Property, Plant & Equipment | 840,663 | 895,330 |
| **Intangible Assets:** | | |
| Investment in Moody Design Bureau | 4,687,500 | 4,687,500 |
| Less Accumulated Amortization | <878,906> | <878,906> |
| Total Intangible Assets | 3,808,594 | 3,808,594 |
| **Investment and Other Assets:** | | |
| Deposits | 98,698 | 98,510 |
| Total Investment and Other Assets | 98,698 | 98,510 |
| Total Assets | $ 7,655,438 | $ 7,470,670 |

AMERICAN AIRCRAFT CORPORATION
BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

| | Feb 29, 1992 Unaudited | Nov 30, 1991 Audited |
|---|---|---|
| **Current Liabilities:** | | |
| Bank Overdraft | $ 10,833 | $ 0 |
| Accounts Payable | 348,242 | 448,132 |
| Payroll Taxes Payable | 817,782 | 889,758 |
| Accrued Expenses | 418,610 | 381,309 |
| Loans Payable | 8,950 | 11,350 |
| Advances From Shareholders | 5,769,551 | 5,212,556 |
| Total Current Liabilities | 7,373,968 | 6,943,105 |
| Long Term Debt, Excluding Current Portion | 0 | 0 |
| Total Liabilities | 7,373,968 | 6,943,105 |
| **Stockholders' Equity:** | | |
| Common Stock $.004 Par Value Authorized 50,000,000 Shares; issued and outstanding 48,590,669 | 194,362 | 194,362 |
| Additional Paid in Capital | 10,624,212 | 10,624,212 |
| Accumulated Deficit | <10,537,104> | <10,291,009> |
| Total Stockholders' Equity | 281,470 | 527,565 |
| Total Liabilities and Stockholders' Equity | $ 7,655,438 | $ 7,470,670 |

AMERICAN AIRCRAFT CORPORATION
STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended Feb 29 | |
|---|---|---|
| | 1992 | 1991 |
| Revenues | $ 0 | $ 0 |
| Operating Expenses: | | |
| Research and Development | 0 | 30,488 |
| Other Operating Expenses | 245,522 | 425,215 |
| Total Operating Expenses | 245,522 | 455,703 |
| Net Profit (loss) from Operations | <245,522> | <455,703> |
| Financing Costs | 573 | 0 |
| Other Income | 0 | 19,719 |
| Profit (loss) Before Income Taxes and Nonrecurring Expenses | <246,095> | <435,984> |
| Income Taxes | 0 | 0 |
| Nonrecurring Expenses | 0 | 650,000 |
| Net Profit (loss) | $ <246,095> | $ <1,085,984> |
| Net Profit (loss) per share | $ <0.005> | $ <0.023> |
| Weighted Average of Shares Outstanding | 48,590,669 | 46,730,908 |

AMERICAN AIRCRAFT CORPORATION
STATEMENT OF CASH FLOWS
(UNAUDITED)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | Three Months Ended Feb 29 | |
|---|---|---|
| | 1992 | 1991 |
| **Cash Flow From Operating Activities:** | | |
| Net Income (loss) | $ <246,095> | $ <1,085,984> |
| Adjustments to Reconcile Net Income to Cash | | |
| Depreciation and Amortization | 54,667 | 174,755 |
| Common Stock Issued For Services and Fees | 0 | 0 |
| (Increase) Decrease in Accounts Receivable | 0 | <11,860> |
| (Increase) Decrease in Inventory | <247,097> | <331,132> |
| Increase (Decrease) in Accounts Payable | <99,890> | <15,813> |
| Increase (Decrease) in Payroll Taxes Payable | <71,976> | 67,365 |
| Increase (Decrease) in Accrued Expenses | 37,301 | <84,867> |
| Increase (Decrease) in Advances From Shareholders | 556,995 | 1,308,445 |
| Increase (Decrease) in Short Term Debt | <2,400> | <4,100> |
| Total Adjustments | 227,600 | 1,102,793 |
| Net Cash Provided by (used in) Operating Activities | <18,495> | 16,809 |
| **Cash Flows From Investing Activities:** | | |
| Capital Expenditures | 0 | <2,000> |
| Deposits | <186> | 0 |
| Net Cash Used in Investing Activities | <186> | <2,000> |
| **Cash Flows From Financing Activities:** | | |
| Proceeds From Issuance of Stock | 0 | 0 |
| Net Cash Provided From Financing Activities | 0 | 0 |
| Net Increase in Cash and Cash Equivalents | <18,681> | 14,809 |
| Cash and Cash Equivalents at Beginning of Period | 7,848 | <19,658> |
| Cash and Cash Equivalents at End of Period | $ <10,833> | $ <4,849> |
| **Supplementary Schedule of Non-Cash Investing and Financing Activities** | | |
| No Transactions | $ 0 | $ 0 |

For purposes of determining cash flows the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents

AMERICAN AIRCRAFT CORPORATION
STATEMENT OF STOCKHOLDERS' EQUITY
QUARTER ENDED FEB 29, 1992
(UNAUDITED)

| | Common Stock | | Additional Paid-In Capital | Retained Earnings (Deficit) | Total Stockholders Equity |
|---|---|---|---|---|---|
| | Shares | $ | | | |
| Balance at November 30, 1991 | 48,590,669 | $ 194,362 | $10,624,212 | $<10,291,009> | $ 527,565 |
| Shares Issued During The Year For: Cash and Payments of Loans Services | | | | | |
| Net Profit (loss) For the Quarter Ended Feb 29, 1992 | | | | <246,095> | <246,095> |
| Balance at Feb 29, 1992 | 48,590,669 | $ 194,362 | $10,624,212 | $<10,537,104> | $ 281,470 |

See accompanying notes to the financial statements

AMERICAN AIRCRAFT CORPORATION
STATEMENT OF STOCKHOLDERS' EQUITY
QUARTER ENDED FEB 29, 1992
(UNAUDITED)

| | Common Stock | | Additional Paid-In Capital | Retained Earnings (Deficit) | Total Stockholders Equity |
|---|---|---|---|---|---|
| | Shares | $ | | | |
| Balance at November 30, 1991 | 48,590,669 | $ 194,362 | $10,624,212 | $<10,291,009> | $ 527,565 |
| Shares Issued During The Year For: Cash and Payments of Loans Services | | | | | |
| Net Profit (loss) For the Quarter Ended Feb 29, 1992 | | | | <246,095> | <246,095> |
| Balance at Feb 29, 1992 | 48,590,669 | $ 194,362 | $10,624,212 | $<10,537,104> | $ 281,470 |

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS
(Information as of February 29, 1992 is unaudited)

1. Background:

American Aircraft Corporation was established in October 1985, in Oregon under the name, West Tech Group, for the purpose of developing innovative products for the aircraft industry.

The Company has not generated significant revenues there is no assurance that commercially successful products will be developed and that the Company will achieve a profitable level of operations.

2. Summary of Significant Accounting Policies:

Revenue Recognition

Revenue from development agreements is recognized when all parties concur that the scientific results have been achieved.

Research and Development

All research and development costs are expensed as incurred.

Property and Depreciation

Property and equipment are stated at the lower of cost or market.

Depreciation is computed using the straight-line method with a 10 percent salvage value.

Loss Per Share

Net loss per common share is based upon the weighted average common shares outstanding during each period.

Interim Financial Statements

In the opinion of management of the Company, the unaudited financial statements for the three months then ended, as of February 29, 1992, include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation. Operating results for the three-month period ended February 29, 1992 are not necessarily indicative of the results that may be expected for the year ending November 30, 1992.

These statements should be read in conjunction with the financial statements and notes thereto for the years ended November 30, 1991 and 1990.

3. Related Party Transactions

As of February 29, 1992 the Company was indebted to William F. Moody, Jr., President/Chief Executive Officer and Director of the Company in the aggregate amount of $3,154,694 representing cash loans of $464,800, deferred compensation of $270,371 and shares loaned to the Company valued at $2,419,523.

4. Income and Payroll Taxes

No income taxes are currently payable as the Company had no taxable income in 1991 and 1990, for financial statement purposes the Company has approximately $10,300,000 and $7,500,000 in federal net operating loss carry-forward at November 30, 1991 and 1990. It is estimated that the federal net operating loss carry forward for

tax purposes at November 30, 1991 and 1990, are approximately $14,300,000 and $11,500,000 as the $4,000,000 net operating loss from Phalanx Organization Inc. at the acquisition date qualifies, with certain statutory restrictions, as a useable net operating loss carry-forward.

Therefore, the Company may offset future taxable income by the $14,300,000 in federal net operating loss carry-forward which expire in the year 2006.

The Company made its payroll tax deposits and other payment obligations incurred during the quarter ended February 29, 1992.

See accompanying notes to the financial statements

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.**

The following discussion and analysis should be read in conjunction with the financial statements of Registrant at November 30, 1991, together with the financial statements (unaudited) that are attached hereto for the quarter ending February 28, 1992, which materials are on file with the Securities and Exchange Commission.

**RESULTS OF OPERATIONS**

a) For the comparable period in 1991, the Company reported gross revenues of $0.00 with a net operating loss of ($435,954). For the three month period ending February 28, 1992, the Company reported total operating revenues of $0.00, with a net loss of ($246,095). The effect of operations for the fiscal period ending February 28, 1992 is a net loss of $0.023 per share.

These losses are attributable to the continuing development of the Penetrator helicopter.

**LIQUIDITY AND CAPITAL RESOURCES:**

a) As previously discussed (see 10K dated November 30, 1991), management plans to increase the Company's authorized shares in order to have shares available to reimburse and repay loans of shares and for private placements of the Company's common stock. Discussions with potential investors are ongoing and preliminary agreements have been reached relative to private placements for proceeds of up to $25,000,000. During March 1992 the Company entered into agreements to sell 6,000,000 shares of common stock to overseas investors. These placements are anticipated to yield gross proceeds of $1,725,000 and net proceeds of $1,564,000 after commissions and sales expenses. As of March 31, 1992 $1,178,000 of such proceeds had been realized and used by the Company to pay accumulated current payroll taxes and operating expenses. The Company's principal internal source of liquidity is its Penetrator project consisting of remanufacturing the UH-1 Huey military helicopter. The pre-production prototype was completed in the fall of 1991 and test flights were conducted during December 1991. Upon the completion of minor modifications of the prototype and tooling, the project will be ready for the production phase. In this regard, the Company has been actively engaged in marketing remanufactured helicopters but no firm orders have yet been received. As of April 8, 1992 the Company entered into agreements with American Aircraft International (Amercin) for the exclusive marketing of AAC's Penetrator helicopter. Amercin is headed by Mr. John Papazian, who has over forty years experience in marketing in the aerospace industry with over twenty five years with Grumman.

The Company has set June 12, 1992 at 1:30 at the Long Beach Marriot Hotel as the time and date for the annual stock holders meeting.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

In January, 1989 the Company and its officers and directors were named as defendants in an action by William Craig in the circuit court of Broward County, Florida. The action alleges that the defendants conspired to defraud Mr. Craig by inducing him to transfer certain properties to the Company in 1987 in exchange for 9,000,000 shares of common stock of the Company and that the Company subsequently rescinded the transaction and canceled the shares. The Company has cross-complained against Mr. Craig (who is no longer represented by counsel and is no longer prosecuting the action) on the grounds, among others, that the Company was defrauded by Mr. Craig in the aforementioned transaction. Persons claiming to be bona fide purchasers of shares from Craig, which shares have been canceled by the Company, have joined in the action against the Company seeking to cause the Company to rescind such cancellation and recognize the validity of such shares. It is expected that the matter will be brought to trial in June, 1992. In the event that persons claiming to be bona fide purchasers prevail in the action, the Company could be obligated to rescind its cancellation of 2,731,058 shares of common stock. The Company believes that Mr. Craig hold certificates for approximately 800,000 shares which it has canceled.

**ITEM 1. LEGAL PROCEEDINGS Cont'd**

A company representative had his deposition taken in early April by Mr. Merhi and Mr. Dalati, persons claiming to be bona fide purchasers of shares from Craig, with a trial date set for Mid June of this year.

The Company is a defendant in other litigation based upon the cancellation of previously-issued shares, none of which it deems material.

**ITEM 3. DEFAULT UPON SENIOR SECURITIES**

NONE

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

NONE

**ITEM 5. OTHER INFORMATION**

NONE

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

a) Exhibits

No exhibits are required to be filed herewith pursuant to the instructions to this item.

b) No reports on Form 8-K have been filed during the quarter ended February 29, 1992

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 30, 1992

American Aircraft Corporation

BY: William F. Moody

William F. Moody, Jr.
President/CEO

BY: Robert St. John

Robert St. John
Corporate Secretary